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CIA says it knew of arms sale from Vermont to S. Africa

By Steve Snider
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WASHINGTON — The CIA has reportedly confirmed the existence of documents showing the agency knew of illegal military shipments from a Vermont firm, Space Research Corp., to South Africa.

The documents allegedly detail the methods Space Research used to bypass Commerce Department shipping regulations and the ban on military trading with South Africa.

The confirmation came during discussions earlier this month between agency representatives and staff members of the Senate Intelligence Committee, according to a source familiar with the growing congressional interest in the Vermont-based arms firm's dealings with South Africa.

Both the founder and president of Space Research pleaded guilty in a federal court in Rutland, Vt. last March to illegally exporting arms, ammunition and "implements of war" to South Africa.

A federal grand jury in Rutland has spent the last several months ex-

ploring the firm's relationship with the First Pennsylvania Bank. The bank, the object of a federally-backed "bailout" from its mounting debts, gave Space Research \$11 million in credit between 1972 and 1975.

The Senate committee staffers, unable to obtain what was described as a 1975 CIA report, turned to Sen. Patrick Leahy (D-Vt.), an Intelligence Committee member.

Leahy requested the documents in a letter to the agency last week. A spokesman for the senator said an answer to the request is expected within the next two weeks.

A CIA spokesman said the agency will respond to Leahy's letter, but said it is "up to him" whether or not any of the information will be released to the public.

"The CIA has not involved directly or indirectly in the transshipment of arms to South Africa," said the CIA's Dale Peterson, reiterating the position the agency has taken since allegations of its involvement began surfacing in the media more than a year ago.